

PLUMBERS



This publication is for general information regarding Transaction Privilege (Sales) Tax on various service activities. For complete details, refer to the Town of Florence Privilege & Use Tax Code and related regulations. In the case of an inconsistency or omission in this publication, the language of the Tax Code will prevail. The transactions privilege tax is commonly referred to as a sales tax; however, under Arizona State law, the tax is on the privilege of doing business in Florence and is not a true sales tax.



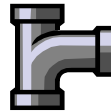
June 2013

The activities of a plumber can be defined as "retail sales", "direct customer services", or construction contracting".

HOW DO I DETERMINE THE PROPER CLASSIFICATION FOR AN ACTIVITY?

Retail Sales

When you sell tangible personal property (pipes, fittings, etc.), but do not install the item being sold, you are considered to have made a retail sale.



You are also considered to have made a retail sale when you sell consumable goods which you incorporate into or apply to real property. Examples of consumable goods are lubricants, faucet washers, and air conditioning coolant.

Construction Contracting

If you attach or install tangible personal property (except "consumable goods" which are discussed above) onto real property you are considered to be a construction contractor. If you repair, remove, replace or modify any item installed or attached to real property you are also considered to be a construction contractor.

Some examples of construction contracting activities are: sale and installation of a water heater, installation of a sink, repair of a broken water line, replacement of a broken faucet, and modification or removal of a water line.

Direct Customer Services

If you perform an activity which does not in any way repair, replace or alter real property, the activity is considered to be a direct customer service. Examples of direct customer services are sew and drain cleaning and carpet cleaning. Direct customer services do not include demolition, earth moving and wrecking activities.

HOW ARE THE DIFFERENT CLASSIFICATIONS TAXED?

Retail Sales

You are liable for the 2% tax on retail sales based on the total amount of the sale. A deduction for sales for resale is allowed if proper documentations is maintained.

Direct customer services

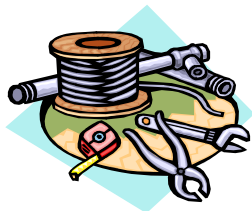
Direct customer services are not taxable. They, however, must be separately itemized on your income to avoid taxation.

Construction Contracting

You are liable for the 2% tax on construction contracting activity based on the gross income from the activity less a 35% standard contracting deduction.

Furthermore, if you are working for a general contractor who is not acting as an owner-builder and is responsible for payment of taxes, you may deduct this subcontracting income if proper documentation is maintained. Proper documentation would include a subcontractor's declaration for each job performed for the general contractor.

Construction contracting is taxable to the jurisdiction in which the job site is located.



**Town of Florence
Finance Department
775 N. Main St.
P.O. Box 2670
Florence, AZ 85132**

General Information: Sales Tax Rates:

State	-	5.6 %
County	-	1.1 %
Town	-	2.0 %
Total	=	8.7%

**Tax change for State
effective 06/01/2013**

For more information please contact:

520-868-7570 Finance Department
520-868-7505 Finance Director

This publication is for general use only. For complete details, refer to the Town of Florence Tax Code. More detailed information is also available on the "**Taxpayer Bill of Rights**" Brochure, on the town website: www.florenceaz.gov.

For payment of Sales Tax for the Town of Florence, filing, or State Licensing contact ADOR @ 1-800-634-6494, or go to www.aztaxes.gov.